

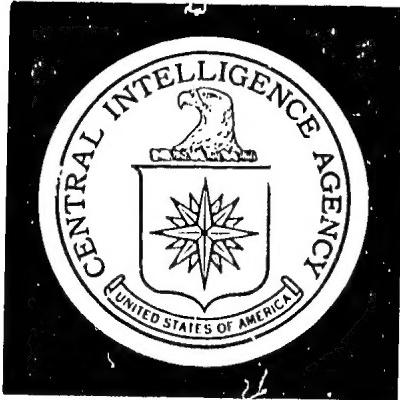
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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

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Finland Prepares for Parliamentary Elections

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No. 675

20 February 1970
No. 0358/70A

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SECRET**FINLAND PREPARES FOR PARLIAMENTARY ELECTIONS**

During the past five months representatives of Finland's eight political parties have been crisscrossing the nation in an attempt to gain support in the parliamentary electionis scheduled for mid-March. At issue is the record of the two center-left coalitions that have governed Finland since 1966. The burden of defending their performance has fallen on the Social Democrats, who, as the largest party in both coalitions, have twice held the prime ministership. The performance of the other major coalition partners, the agrarian Center Party and the Communist-dominated Peoples Democratic League, also is being debated, however. Political polls forecast a shift away from the parties in power, but the necessity to gain Moscow's acceptance of any Finnish coalition would seem to rule out any significant change in the government that will take office after the March elections.

A record three million Finns will have a chance to express their opinion of four years of popular front government when they go to the polls on 15 and 16 March. In the face of the doubts held by many political observers at home and in other Western countries that a government coalition including the Communists could work, the Finns have succeeded in carrying out a wide variety of economic and social reforms under the popular front's auspices and have lived through perhaps the most stable parliamentary term in Finland's history.

INTERPARTY RELATIONS PRIOR TO 1966

Considerable prejudice against the Communists had to be overcome for this achievement to be realized. At the birth of the republic in 1917, made possible by the rapid collapse of Russia in the wake of the October revolution, the Finns were aware that their independence rested on the weakness of the Bolsheviks rather than on their sincere subscription to the principle of self-determination. This was underlined when civil war broke out early in 1918 between the bourgeois "whites," openly backed by imperial Germany, and the socialist "reds," surreptitiously

backed by Soviet Russia. As the "reds" were forced back toward the Soviet border, their radical wing captured leadership of the cause, and after their defeat, the radicals became the nucleus of the Finnish Communist Party, founded in Moscow in 1918. For the next quarter of a century the Finnish Communists, based in the Soviet Karelo-Finnish region athwart Finland's eastern border, launched propaganda and infiltrated agents to subvert the bourgeois republic.

In 1944, following Finland's overwhelming defeat at the hands of the USSR, the Finnish Communists, as a "democratic" party, were allowed to re-establish themselves in their homeland and were invited to take part in the government. This honeymoon lasted until 1948, when the Communist minister of interior advised Paasikivi, then president, that a Communist takeover was in the works. With the example of Czechoslovakia fresh in their minds, the army and police swiftly nipped the planned coup in the bud and, following parliamentary elections that year, the Communists were sent into political exile, which was to last 18 years.

During the first half of this exile Finland was governed by a "red-green" coalition of the Social

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Democratic and Agrarian (subsequently Center) parties. The Social Democrats themselves had been in political exile during the first decade of the republic's existence because of their identification with the losing "red" cause in the Civil War. Their willingness to accept the bourgeois republic, as well as their status as the nation's largest political party firmly grounded in the trade union and cooperative movements, protected the Social Democrats during Finland's brief flirtation with some of the elements of fascism in the early 1930s, and these qualities finally convinced the parties on the right that they would be a reliable coalition partner. Even while the Social Democrats were gaining respectability on the right, however, they were subjected to constant Communist efforts to infiltrate and subvert the labor movement, and were labeled as "social fascists" or "social traitors." The ire of the Soviets and the Communists was particularly aroused by the Social Democrat's energetic support of the struggle against the USSR between 1939 and 1944. After the Finns were defeated, the Soviets made sure that the Social Democratic Party's chairman, who served in the all-party coalition during the war, was tried on charges of being "responsible for the war" under the terms of an ex post facto law that was contrary to the Finnish constitution but was enacted under Soviet pressure.

In the immediate postwar period, the Social Democrats were fervently wooed by the Communists, who formed a Peoples Democratic League hopefully as a vehicle for their joint efforts. Except for a small minority on the far left, the Social Democrats refused to give way to these blandishments and instead stubbornly fought the Communists' efforts to take over the labor movement. After the Communist setback in 1948, the Soviets renewed their attacks on the Social Democratic leadership. By a combination of threats and bribes, the USSR brought about a split in the

party and trade union movement, which resulted in the formation of the splinter Social Democratic League. With the cooperation of the Agrarian (Center) Party led by President Urho Kekkonen, the Soviets succeeded in excluding the Social Democrats from the government from 1958 to 1966.

The Agrarians, representing the more prosperous segments of the Finnish rural population, had been a junior partner in nearly all of the nation's prewar governments. Only after the other bourgeois parties had discredited themselves in Soviet eyes by refusing to heed Urho Kekkonen's wartime plea for peace with Moscow was the road clear for the Agrarians to move up to national leadership. The image of Kekkonen's party was enhanced by the success of its efforts to resettle the Finns displaced by the loss of Karelia to the USSR and to return the economy to normal after completing payment of heavy postwar reparations.

Kekkonen, as prime minister during most of the period from 1950 to 1956 and as president since then, concentrated his efforts in the area of foreign policy, and gained the reputation, warranted or not, as the only Finn who could deal with the Russians. By association, this reputation was extended to Kekkonen's Agrarian (Center) Party generally, and as a result, the post of foreign minister virtually became the party's property. The Agrarians were not reluctant to use their position as guardians of the so-called Paasikivi-Kekkonen foreign policy line—neutral friendly to the Soviet Union—to act as a judge of the reliability of their major competitors for the non-Communist vote, the Social Democrats and the conservative National Coalition Party. At the same time the Agrarians entered into competition with the Communists for the title of the party most useful in facilitating good relations with Moscow.

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SECRET**THE 1966 ELECTIONS**

Despite successes in the political wars, the Agrarian Party leadership, and particularly President Kekkonen, soon realized that the balance was gradually going against it. The primary reason for this was the erosion in the party's constituency as a result of Finland's transformation from a rural, agrarian society to an urban, industrial one. Not only were Finns moving off their farms into provincial towns, but there ensued a great migration from the poorer, traditionally Agrarian—and Communist—north and east to the more prosperous south and southwest, areas of traditional Social Democratic and conservative predominance. In an effort to project an image that would have more appeal for uprooted Agrarian adherents now in the cities, the party in 1965 changed its name to the Center Party.

A second reason for the shift away from the Center Party was the success of the Social Democrats and Communists in refurbishing their image. Persons in the Social Democratic leadership who were obnoxious to the Soviets either retired or resigned, and an "opening to the left and to the east" was espoused. The party not only strove to bring its one-time members in the splinter Social Democratic League back into the fold but also extended feelers to the Communists and radicals in the Peoples Democratic League. The leaders of the Social Democratic Party attempted in addition to present a more positive image in their relations with the Soviet Union and advocated a more activist approach in carrying out Finland's neutral foreign policy.

The Communists responded affirmatively to the Social Democratic initiatives, thanks to the rising influence of a new generation of leaders forming the liberal wing of the party. Aware that old Communist appeals were increasingly irrelevant to the conditions of Finnish society, the

liberals brought about a shift of emphasis in party doctrine from violent, revolutionary change to gradual reforms through parliamentary means. Cooperation with all "progressive" groups was sought, and to this end, election alliances were made with the splinter Social Democratic League throughout the country. Approaches to the Social Democratic Party were unavailing because of the latter's standing policy against forming election alliances. The Social Democrats displayed greater willingness, however, to cooperate with the Communists in other areas, especially in the splintered trade union movement, than at any time since 1948.

The damping down of disputes on the left half of the political spectrum, combined with an appearance of respectability and of renewed initiative resulted in a landslide for the Social Democrats. In the 1966 elections they picked up 17 additional seats in Parliament, climbing back from their 1962 low point, and they increased their support by 44 percent, or nearly 200,000 votes, while the vote for all parties increased only 70,000. The only other party to pick up seats in Parliament was the Social Democratic League, which did so at the expense of its electoral alliance partner, the Communist-dominated Peoples Democratic League. After the Communists saw how cleverly their junior partner had turned electoral alliances to its advantage, they vowed that the number and terms of such future alliances would be more rigorously controlled to yield greater benefit to the Communists.

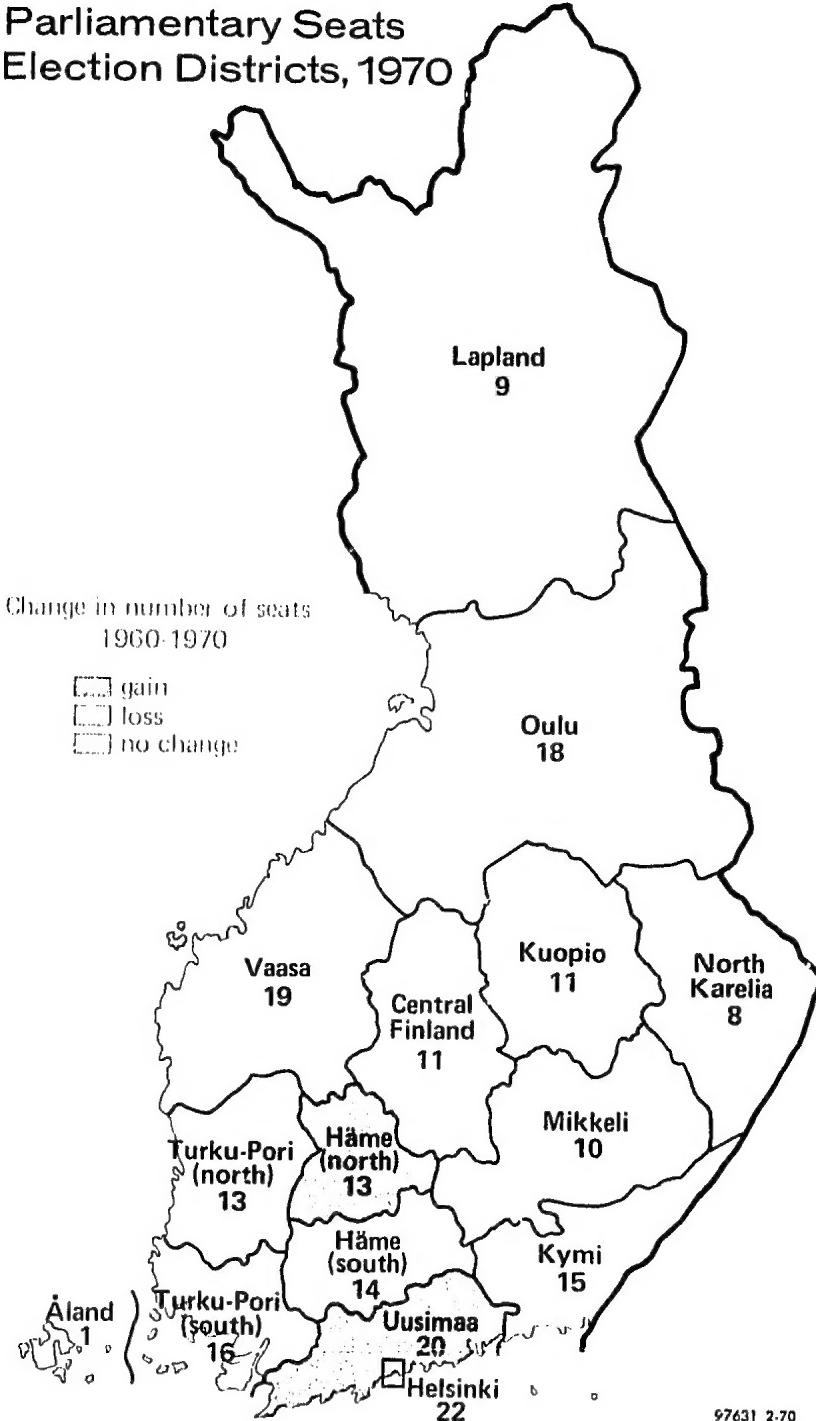
THE PAASIO GOVERNMENT, 1966-1968

President Kekkonen, concerned about the power position of his Center Party, called on the Social Democrats, as the largest party and the only true victors in the 1966 election, to form the broadest possible coalition, including the Communists. The way for such an idea, unthinkable only

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**Parliamentary Seats
by Election Districts, 1970**



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a short time earlier, had been carefully prepared by the President in the years immediately preceding the election. In a series of addresses he deplored the divisions in the nation resulting from the 1918 Civil War and the isolation of the Social Democrats and Communists, representing half the electorate, from the center of power. Some observers of the Finnish political scene believed that Kekkonen was, through an act of consummate statesmanship, attempting to make amends for the rancor his own actions had created during the postwar period, but most believed that Finland's master politician had merely seen the handwriting on the wall earlier than had his contemporaries.

In any case Social Democratic Party chairman Rafael Paasio agreed to become prime minister, and after more than two months of rugged negotiating, put together a coalition including the Social Democrats, Center, Peoples Democrats (two of whom were Communists), and the splinter Social Democratic League. The Center Party occupied the Foreign and Defense ministries. It agreed to give up the Interior Ministry to the Social Democrats, moreover, only if the police and border guard were subordinated to the minister of defense acting as "assistant" to the minister of interior. The Social Democrats reached into their ranks of technicians outside Parliament to staff the key ministries of Finance and Education, in which areas they intended to carry out wide-ranging reforms. As for the Communists, only ministries of secondary importance were offered, and each of these positions was backstopped by a Social Democratic or Center appointee to monitor Communist activity.

For much of its first year in office the Paasio government devoted its energies to adjusting to the new political line-up. It soon became apparent that Paasio himself was no leader, despite his years of service in the party and Parliament. He

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[redacted] was unable to establish good working relations with either President Kekkonen or the Soviets. Alarmed at the frittering away of the party's opportunity to prove itself, younger Social Democrats pushed through a resolution that no man could serve simultaneously as party chairman and prime minister. Paasio, uncomfortable as prime minister, opted for retaining his party post and resigned from the government in early 1968 following the election of President Kekkonen to a third six-year term.

THE KOIVISTO GOVERNMENT, 1968-1970

To replace Paasio the Social Democrats named Mauno Koivisto, a political unknown from the cooperative and workers' saving bank movement, who had been drafted in 1966 into the post of minister of finance. Koivisto, with the advantages of a working-class background, a lack of identification with any group in the party, relative youth, and good looks, proved to be a skillful minister, carrying out a budget reform and a successful devaluation in late 1967. He also displayed a refreshing candor in his relations with the public, was fluent in both Swedish and Russian, and seemed to be acceptable to Kekkonen and the Soviets. All these qualities created a certain euphoria in the party, and he was soon being touted as presidential timber in 1974. In an effort to cut Koivisto down to size, the Center Party demanded that, in addition to presidential hopeful Foreign Minister Ahti Karjalainen, the new cabinet include a third presidential hopeful, the former prime minister and chairman of the Center Party, Johannes Virolainen, as minister of education. By so doing the Center Party hoped to take over an area where the Social Democrats had earned considerable credit by introducing a comprehensive school reform, closing the sharp division between the academic, technical, and vocational courses of study in the secondary schools,

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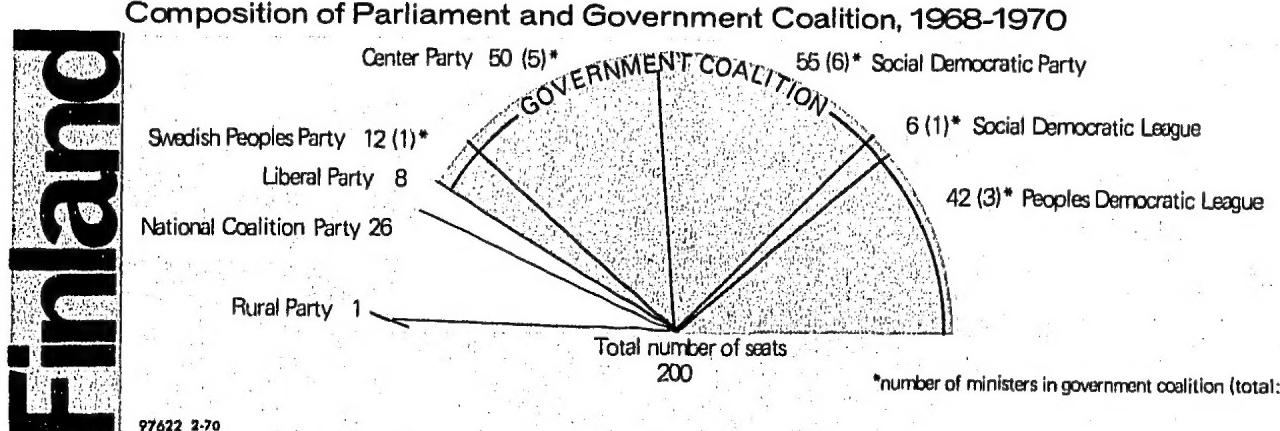
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and making university admission available to a larger share of the school-age population. Besides the shifts brought about through jockeying between the Social Democratic and Center parties, the Koivisto cabinet was expanded to accommodate the Swedish Peoples Party, which left the opposition because it believed that the interests of Finland's Swedish-speaking minority would be better served if its principal political exponent were in the coalition.

During its term in office, the Koivisto government has devoted nearly all of its energy to transforming the economy. In the wake of the 1967 devaluation, a broad range of reforms in fiscal, monetary, wage, price, income, and employment policy have been introduced. The thrust of these reforms has been to contain price inflation, promote private domestic investment, reduce government unemployment assistance, and promote labor mobility through retraining. The reforms are also aimed at phasing out marginal agricultural production and reducing surpluses, encouraging industrial diversification and export promotion, separating wage agreements from the cost-of-living index, increasing housing construction in urban areas, removing barriers to trade, and promoting closer economic relations with

Finland's Nordic neighbors. With the assistance of numerous bright, young Social Democratic technicians and the strong backing of President Kekkonen, Koivisto has been able to chalk up a remarkably successful record of accomplishment in a relatively short period of time.

COALITION SHORTCOMINGS: PROBLEMS FOR THE SOCIAL DEMOCRATS

The coalition's record has been marred, however, by instances of failure. In some cases these could not be helped, but in other cases they stemmed from Koivisto's political inexperience. The most nagging problem has been the unemployment rate, which soared to 4.6 percent in mid-1968, the highest figure in a decade, and which has tapered off only gradually since then. The Social Democrats have been attacked not only by the opposition but also by the other parties in the coalition as insensitive to the needs of the people. Despite this criticism, Koivisto has persisted in his policy of reducing government assistance through the dole and public works, hoping that the unemployed who are concentrated in the poorer agricultural and forest areas of the north and east will decide to migrate to the more prosperous, labor-deficient industrial areas

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of the south and southwest. Unfortunately, once the rural poor pull up roots, they tend to keep moving until they reach prosperous Sweden, which now has employed nearly 100,000 Finns. If this trend persists and the birth rate continues to drop, Finland's total population could eventually show a net loss at a time when its economy needs labor.

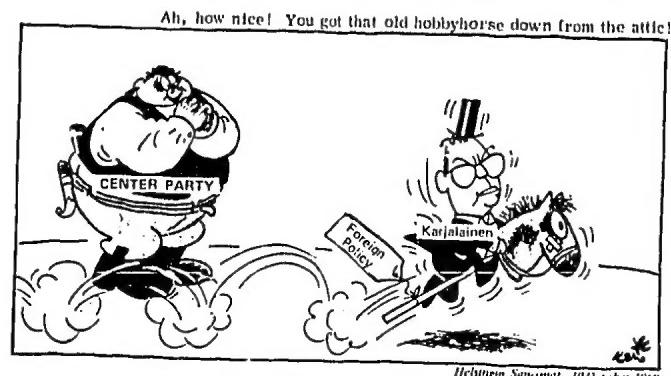
Another area of controversy has been Koivisto's identification with the aim of full participation by Finland in the proposed Nordic Economic Union (NORDEC). At first the other political parties in and outside the government were content to let Koivisto carry the ball on this proposal in the belief that it would never get off the ground. However, once the project began looking feasible, the Communists, under pressure from their conservative wing, began attacking the idea as inimical to Finnish-Soviet relations. In addition, Foreign Minister Karjalainen, with the backing of the Center Party, set about to torpedo the project because he was piqued that Finland might gain a foreign policy success not directly attributable to his own efforts. Koivisto, enraged at these eleventh-hour betrayals, threatened to pull Finland out of NORDEC negotiations, resign from office, and place the issue before the voters. The outrage expressed both at home and in the other Nordic countries at this indiscreet display of political squabbling over an issue vital to the interest of the whole Nordic area forced Koivisto and his adversaries to backpedal and restore gradually the status quo ante. In the process Finland and its leaders came out looking pretty foolish.

A third area of dispute has been the government's agricultural policy. The nation is burdened with a butter and grain glut caused by agricultural subsidies enacted under Center Party sponsorship. The Social Democrats have advanced nearly every expedient to reduce these surpluses short of destroying them, but these proposals have been

blocked by the Center Party. The agricultural reforms agreed on—reducing land under cultivation and adjusting prices paid to farmers—are long term in nature, and the continued growth of agricultural surpluses meanwhile has become an acute embarrassment. For its part, the Center Party continues its attack on Social Democratic policy, even resorting to the argument that studies released to the press showing that margarine produces less cholesterol than butter are part of a socialist plot against the farmers.

OTHER PARTY POSITIONS CENTER PARTY

In addition to agriculture, the Center Party has dusted off foreign policy, and particularly relations with the Soviet Union, as an election issue. Despite the protests of the other political parties that the principles of Finland's policy as expressed in the Paasikivi-Kekkonen line are universally accepted, the Center Party persists in touting its own skills in advancing Finland's interests. Thus, it has pointed out that the favorable response to the Finnish initiative on the European security conference and the selection of Helsinki for the opening of the strategic arms limitation talks (SALT) are proof that Center Party strategy on behalf of Finnish neutrality has received international recognition.



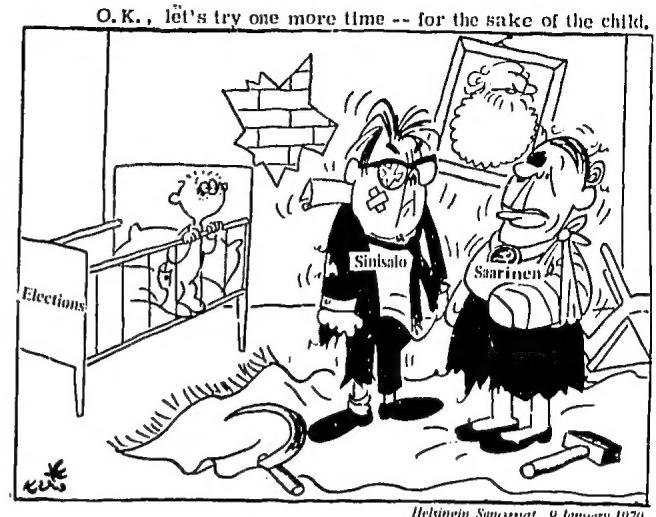
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A new issue has been developed for the Center Party by Education Minister Virolainen in the debate over reform of the universities. In an attempt to pander to the youth, which has become bored with the Center Party, Virolainen, with silent Communist backing, came down hard for the principle of "one man, one vote" in university administration. If adopted, this would mean that the universities would be turned over to the students, who have an edge of ten to one over the faculty. The Social Democrats have denounced this stand as sheer opportunism, and with the aid of the parties on the right they would probably squelch the proposal if it were ever to come to a vote. Still another issue, welling up from the Center Party's grass roots, is dissatisfaction with the broadcasting policies of the state radio and television. In the eyes of Center Party voters, as well as of supporters of right-wing parties, the Finnish Broadcasting Company, under its new Social Democratic director, is too left wing, both in its presentation of news and documentaries, and in its willingness to satirize such shibboleths as patriotism, motherhood, and religion, and to slip in items not suitable for children. The Social Democrats have responded to these attacks only by pointing to bourgeois dominance of the press and publishing media.

THE COMMUNISTS

The Communists have been silent in the election campaign until quite recently. This is not so much a reflection of their satisfaction with the policies of the coalitions in which they have participated as the result of a split between the party's liberal and conservative wings. Tension between the two factions built up throughout the early 1960s as the liberals gradually occupied positions of influence in the party and modernized its program. These differences were intensified by the liberals' condemnation of the Soviet invasion of Czechoslovakia. The extent of the



split was not revealed to the public, however, until the party congress last April. At that time the conservatives walked out in protest against the liberal composition of the party's central organs and thereupon began organizing parallel party organizations of their own to lay claim to Communist loyalties. The Soviets, alarmed at the possible demise of a major West European Communist party—the only one to sit in a government—forced the adversaries to negotiate until a compromise was reached. The two sides came to grudging agreement in January, but neither side has any confidence that the arrangement will last beyond the election. Many believe that the damage done to the party and its front, the Peoples Democratic League, is already too great to be repaired before the elections, and that a considerable number of the League's supporters will stay home in protest.

Only now are the Communists developing a program. For the most part they are drawing on the arsenal of charges developed by the conservatives in their attack on the liberals' participation in the center-left coalition. The essence of their argument is that the government is spending too much, forcing a rise in taxation, and yet is not

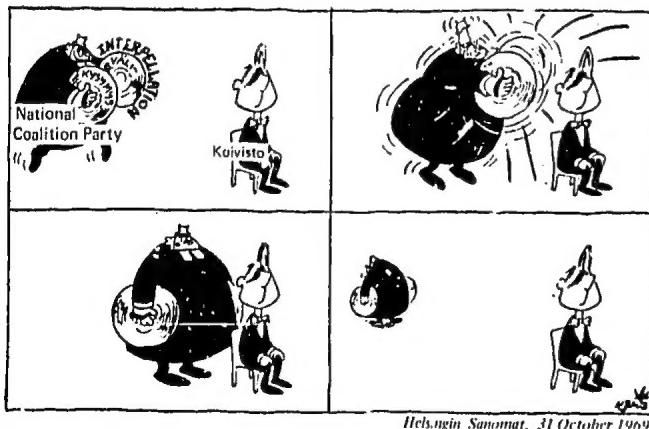
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spending enough to obtain increased pensions, more housing, and greater state control over or participation in such fields as banking, insurance, and medicine. In addition, the Communists charge the Social Democrats with selling out to the bourgeoisie by their failure to tax corporate profits more heavily, to carry out a thorough-going tax reform that would place heavier burdens on the wealthy, or to introduce industrial democracy by giving employees a greater voice in running their places of work.

NATIONAL COALITION PARTY

Many of the same arguments are repeated, but with different emphases, by the conservative National Coalition Party. Thus, in their interpellation of the government in Parliament last fall, the conservatives attacked the imbalance in public finances, the failure of the government to solve agricultural and unemployment problems, higher taxes, and "creeping socialism." At the same time the conservatives denounced as excessive most of the controls imposed on the economy in the fight against inflation and called for increased military expenditures. Koivisto's reaction to these inconsistent demands has been low key; he has pointed out that structural economic changes are costly and long term, and that the government is trying to minimize their harmful side effects.

**THE RURAL PARTY**

The only other party to attract national attention has been the radical rightist Rural Party, the brainchild of former Center Party member Veikko Vennamo. The Rural Party mustered only enough votes in 1966 to get one seat in Parliament, but by aiming demagogic appeals to the electorate in both the countryside and the cities, its share of the vote jumped from 1 percent in 1966 to 7.3 percent in the 1968 local elections. Vennamo also ran in the 1968 presidential election and scored an impressive 11.3 percent as a result of his no-holds-barred campaign aimed at President Kekkonen. The Vennamo phenomenon has refused to disappear, and as seen in two special elections last fall as well as in political polls, the party's strength continues to grow, to the dismay of the other parties. The Rural Party particularly draws support from the "backwoods" Communists and supporters of the Center Party, who have become alienated because they feel party leaders based in Helsinki are willing to desert party principles to gain a place in the government. The party is irresponsible and has no program except to attack the government constantly. During the presidential campaign, Vennamo even went so far as to call for revision of Finland's eastern frontiers. For obvious reasons the Rural Party has been regularly denounced by Moscow as a "revival of fascism" and harmful to continued good Finnish-Soviet relations.

POLITICAL TRENDS AND POSSIBLE OUTCOME

The attitude of the Soviet Union is decisive to the outcome of the March election. If it were not for Finland's geographic location, the trend to the right noted since 1966 in such barometers as the local elections of 1968 and numerous public opinion polls would probably result in a bourgeois victory and a right-center or right-socialist

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Support (by percent) of Political Parties, 1966-69

Party	Parl. elections 3/66	Local elections 10/68	Opinion Poll 12/69
Rural Party	1.0	7.3	8.0
National Coalition Party	13.8	27.1	17.0
Liberal Party	6.5	5.5	8.0
Swedish Peoples Party	6.0	5.0	6.0
Center Party	21.2	18.9	16.0
Social Democratic Party	27.2	23.9	26.0
Social Democratic League	2.6	1.8	2.0
Peoples Democratic League	21.2	16.9	17.0
Other	0.5	4.0	-
	100.0	100.0	100.0

coalition government. Moscow, however, over the years has taken upon itself the task of passing on the acceptability of different Finnish political combinations. No matter how the electorate votes, Finnish politicians realize that the right-center alternative, which would include Venanmo, would not be tolerated by the Soviets, while the right-socialist combination, even without Venanmo, would also be repugnant. Thus, the Finns are limited to choosing from a center-left combination of varying breadth, an all-left government, an all-party coalition, a one-party minority government, or a government of non-party technicians. The last three options are chosen usually in periods of national or parliamentary crisis, and an all-left government would not be possible, as it would not have a parliamentary majority behind it. The most likely combination to emerge from the 1970 election, therefore, will be a center-left combination similar to the present one, with variations expanded slightly to include the Liberal Party or diminished slightly to exclude the Swedish Peoples Party.

Complicating the picture is the void surrounding the post of prime minister. Some observers believe that the Center Party, as the largest

single "bourgeois" party, would be given the mandate for forming a government, despite its anticipated electoral losses, if the five "bourgeois" parties between them managed to gain a "majority" in Parliament. In such case, the most likely candidates would be the old war horses, Virolainen and Karjalainen.

On the other hand the Social Democrats will probably remain as the largest party, regardless of ideology, and the only coalition member likely to come out of the March election with its party base intact. Thus, they are very much in the running for leadership of a new coalition. The party's choice of candidates for the prime minister's post, however, is limited. The incumbent, Koivisto, has already made it clear that he has no stomach for the frequently ad hominem style of political infighting practiced in Finland, and he has stated for the record that nothing will make him happier than to leave his post to return to the job of Governor of the Bank of Finland. Koivisto's public statements on other subjects have consistently demonstrated that he means what he says.

On the other hand, there are no obvious successors to Koivisto. The ambitious minister of industry, Vaino Leskinen, is despised within his Social Democratic Party as well as generally for blatantly toadying to Moscow's wishes after having once been a leader of the party's anti-Soviet right wing. The most popular man in the party and the architect of its 1966 victory, Kaarlo Pitsinki, has been unable to persuade the Soviets that he is politically reliable; thus blocked from political advancement, he has withdrawn from active political life to become the nonpartisan governor of Uusimaa Province. Socialist intellectuals, such as parliamentary foreign affairs committee chairman Pekka Kuusi and political

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scientist Pentti Viitta, and bright young bureaucrats such as national labor mediator Keijo Liinamaa and state secretary Paul Paavela, have made no enemies, but at the same time they have no political base within the party. It is possible,

therefore, that the reluctant incumbent may be drafted to continue as prime minister to enable him to reap the credit when his policies bear fruit, thereby promoting his chances in the 1974 presidential election.

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